

MARCH 23, 2009

THE DIRECTOR OF THE SCHOOL AND INSTITUTIONAL TRUST LANDS ADMINISTRATION TOOK FORMAL ACTION ON MARCH 23, 2009, IN THE TRUST LANDS ADMINISTRATION OFFICE, 675 EAST 500 SOUTH, SUITE 500, SALT LAKE CITY, UTAH 84102-2818, ON THE MINERAL, SURFACE, FEE WAIVER, AND TRUST ACCOUNTING BUSINESS MATTERS AS INDICATED AND WHICH BECOME EFFECTIVE AT 6:00 P.M. ON MARCH 23, 2009.

THESE MINUTES INCLUDE MINERAL ACTIONS AS LISTED ON PAGES 1 TO 4; SURFACE ACTIONS AS LISTED ON PAGES 5 TO 12; ACTIONS CONTAINING FEE WAIVERS AS LISTED ON PAGES 13 TO 16; AND TRUST ACCOUNTING ACTIONS AS LISTED ON PAGES 16 TO 18.

THESE MINUTES ARE DEEMED THE FINAL AGENCY ACTION CONCERNING THESE MATTERS AND ARE SUBJECT TO REVIEW AND/OR ADJUDICATION PURSUANT TO R850-8 OF THE AGENCY'S RULES. ANY APPEAL OF MATTERS CONTAINED WITHIN THESE MINUTES MUST BE IN WRITING, PURSUANT TO R850-8-1000, AND MUST BE RECEIVED BY THE OFFICE OF THE DIRECTOR BY 6:00 P.M. ON MONDAY, APRIL 6, 2009. APPEALS NOT FILED BY THAT TIME WILL BE CONSIDERED UNACCEPTABLE AND THE MATTERS WILL BE UNAPPEALABLE.



KEVIN S. CARTER, DIRECTOR
SCHOOL AND INSTITUTIONAL
TRUST LANDS ADMINISTRATION


LESLIE M. WARNER, RECORDS OFFICER

ARCHIVES APPROVAL NO. 7990209

MINERAL ACTIONS

CORRECTION OF THE DIRECTOR'S MINUTES OF JANUARY 4, 2008, AND REFUND OF ANNUAL RENTAL PAYMENT – GEOTHERMAL ENERGY LEASE ML 51187

The Director, on January 4, 2008, approved the above-numbered lease application for Geothermal Energy Lease to Intermountain Renewable Power, LLC. The legal description included Section 36, T20S, R9W, (640.00 acres) which was already under lease to Intermountain Renewable Power, LLC within Geothermal Energy Lease ML 50770. Therefore, Intermountain Renewable Power, LLC paid twice for the annual rental for the same section. The lands included under Geothermal Energy Lease ML 51187 should be as listed below with acreage adjusted to exclude Section 36, T20S, R9W, (640.00 acres).

Intermountain Renewable Power, LLC	<u>T20S, R9W, SLB&M.</u>	Millard
5152 North Edgewood Dr.	SEC. 2: LOTS 1(54.68), 2(48.18), 3(48.30), 4(48.40),	806.25 Acres
Suite # 375	5(43.90), 6(42.37), 7(40.79), SW $\frac{1}{4}$ NE $\frac{1}{4}$,	
Provo, UT 84601	S $\frac{1}{2}$ NW $\frac{1}{4}$, SW $\frac{1}{4}$ W $\frac{1}{2}$ SE $\frac{1}{4}$ [ALL]	

Adjusted Annual Rental: \$807	<u>T20S, R8W, SLB&M.</u>
FUND: SCH: 686.63 Acres	SEC. 5: LOT 3(39.62), SW $\frac{1}{4}$ NE $\frac{1}{4}$
NS: 79.62 Acres	SEC. 8: NE $\frac{1}{4}$ NE $\frac{1}{4}$
RES: 40.00 Acres	

Because of double payment of annual rent on the same section, **a refund of \$640 will be made to Intermountain Renewable Power, LLC at the address of record.** The plat books and the business system have been corrected to reflect the changes noted above.

Upon recommendation of Mr. Stokes, the Director approved the correction to the lands included in Geothermal Energy Lease ML 51187 and **a refund to the lessee of \$640** for double payment of annual rental of the same section.

TOTAL ASSIGNMENT – BITUMINOUS ASPHALTIC SANDS LEASE

Upon recommendation of Mr. Stokes, the Director approved the assignment of the lease listed below to Amerisands LLC, 744 West Hastings Street, Suite 718, Vancouver, British Columbia, Canada V6C 1A5, by Black Sands Holding Co. No override.

OWNERSHIP BEFORE ASSIGNMENT:
RECORD TITLE:
BLACK SANDS HOLDING CO. – 100%

OWNERSHIP AFTER ASSIGNMENT:
RECORD TITLE:
AMERISANDS LLC – 100%

....ML 51484 (SCH)....

TOTAL ASSIGNMENTS – OIL, GAS, AND HYDROCARBON LEASES

Upon recommendation of Ms. Garrison, the Director approved the assignment of the leases listed below to EOG Resources, Inc., 600 17th Street, Suite 1000N, Denver, CO 80202, by Turner Petroleum Land Services, Inc. No override.

OWNERSHIP BEFORE ASSIGNMENT:

RECORD TITLE:

***TURNER PETROLEUM LAND SERVICES,
INC. – 100%***

OWNERSHIP AFTER ASSIGNMENT:

RECORD TITLE:

EOG RESOURCE, INC. – 100%

....ML 51208 (SCH)....ML 51209 (SCH: 1396.06; DEAF: 320.00)....

OPERATING RIGHTS ASSIGNMENTS – OIL, GAS, AND HYDROCARBON LEASES

Upon recommendation of Ms. Garrison, the Director approved the assignment of 24% interest in operating rights in part of lands: SE $\frac{1}{4}$ Sec. 16, T15S, R19E, SLB&M., 160.00 acres, in and to the lease listed below to Questar Exploration and Production Company, P.O. Box 789, Fort Duchesne, UT 84026, by Ute Energy Upstream Holdings. No override, but subject to 8.75% overriding royalty previously reserved. Effective June 1, 2004, the Trust Lands Administration assumes no responsibility in reviewing, collecting, or distributing overriding royalty.

OWNERSHIP BEFORE ASSIGNMENT:

RECORD TITLE:

T15S, R19E, SLB&M. 160.00 ACRES

SEC. 16: NW $\frac{1}{4}$

***QUESTAR EXPLORATION AND PRODUCTION
COMPANY-100%***

T15S, R19E, SLB&M. 1760.00 ACRES

SEC. 16: NE $\frac{1}{4}$, S $\frac{1}{2}$

SEC. 32: ALL

SEC. 36: ALL

***QUESTAR EXPLORATION AND PRODUCTION
COMPANY – 76%,***

UTE ENERGY UPSTREAM HOLDINGS – 24%

OWNERSHIP AFTER ASSIGNMENT:

RECORD TITLE:

T15S, R19E, SLB&M. 160.00 ACRES

SEC. 16: NW $\frac{1}{4}$

***QUESTAR EXPLORATION AND PRODUCTION
COMPANY – 100%***

T15S, R19E, SLB&M. 1760.00 ACRES

SEC. 16: NE $\frac{1}{4}$, S $\frac{1}{2}$

SEC. 32: ALL

SEC. 36: ALL

***QUESTAR EXPLORATION AND PRODUCTION
COMPANY – 76%,***

UTE ENERGY UPSTREAM HOLDINGS – 24%

OPERATING RIGHTS:

T15S, R19E, SLB&M. 160.00 ACRES

SEC. 16: SE $\frac{1}{4}$

***QUESTAR EXPLORATION AND PRODUCTION
COMPANY – 100%***

....ML 47974 (SCH)....

OPERATING RIGHTS ASSIGNMENTS – OIL, GAS, AND HYDROCARBON LEASES (CONTINUED)

Upon recommendation of Ms. Garrison, the Director approved the assignment of 24% interest in operating rights in part of lands: NW¼ Sec. 16, T15S, R19E, SLB&M., 160.00 acres, in and to the lease listed below to Ute Energy Upstream Holdings LLC, P.O. Box 789, Fort Duchesne, UT 84026, by Questar Exploration and Production Company. No override, but subject to 8.75% overriding royalty previously reserved. Effective June 1, 2004, the Trust Lands Administration assumes no responsibility in reviewing, collecting, or distributing overriding royalty.

OWNERSHIP BEFORE ASSIGNMENT:

RECORD TITLE:

T15S, R19E, SLB&M. 160.00 ACRES

SEC. 16: NW¼

QUESTAR EXPLORATION AND PRODUCTION
COMPANY-100%

T15S, R19E, SLB&M. 1760.00 ACRES

SEC. 16: NE¼, S½

SEC. 32: ALL

SEC. 36: ALL

QUESTAR EXPLORATION AND PRODUCTION
COMPANY – 76%,
UTE ENERGY UPSTREAM HOLDINGS – 24%

OWNERSHIP AFTER ASSIGNMENT:

RECORD TITLE:

T15S, R19E, SLB&M. 160.00 ACRES

SEC. 16: NW¼

QUESTAR EXPLORATION AND PRODUCTION
COMPANY – 100%

T15S, R19E, SLB&M. 1760.00 ACRES

SEC. 16: NE¼, S½

SEC. 32: ALL

SEC. 36: ALL

QUESTAR EXPLORATION AND PRODUCTION
COMPANY – 76%,
UTE ENERGY UPSTREAM HOLDINGS – 24%

OPERATING RIGHTS:

T15S, R19E, SLB&M. 160.00 ACRES

SEC. 16: NW¼

QUESTAR EXPLORATION AND PRODUCTION
COMPANY – 76%,
UTE ENERGY UPSTREAM HOLDINGS – 24%

....ML 47974 (SCH)....

AMENDMENT OF OIL, GAS, AND HYDROCARBON LEASE - ML 48512 (SCH)

Through inventory of our lands, it has been found that the description in the above-numbered lease was in error. The lease was issued as follows (affected description is bolded and italicized):

T15S, R2E, SLB&M.

310.00 ACRES

SEC. 25: BEG 10 RODS N OF THE SE COR OF THE NE¼SE¼; TH W 160
RODS; TH N 20 RODS; TH E 160 RODS; TH S 20 RODS TO POB.

SEC. 36: NE¼NE¼, NW¼, N½SW¼

T15S, R3E, SLB&M.

SEC. 30: LOT 12, BLOCK 31, PLAT “A” OF THE WALES TOWNSITE ENTRY

CORRECTED LEGAL DESCRIPTION:

T15S, R2E, SLB&M.

310.00 ACRES

SEC. 25: BEG 10 RODS N OF THE SE COR OF THE NE¼SE¼; TH W 160
RODS; TH N 20 RODS; TH E 160 RODS; TH S 20 RODS TO POB.

SEC. 36: NW¼NE¼, NW¼, N½SW¼

AMENDMENT OF OIL, GAS, AND HYDROCARBON LEASE - ML 48512 (SCH) (CONTINUED)

CORRECTED LEGAL DESCRIPTION: (continued)

T15S, R3E, SLB&M.

SEC. 30: LOT 12, BLOCK 21, PLAT "A" OF THE WALES TOWNSITE ENTRY

The parties have agreed that there will be no retroactive refunds or charges to lessee for incorrect descriptions resulting in overpayment or underpayment of rentals. However, any changes to delay rental amounts will be effective immediately and corrected amounts will be due commencing on the next ensuing anniversary date of the lease following the effective date of this amendment and will continue at that rate so long as the lease remains valid and in full force and effect unless the Record Title Lessee is notified otherwise by TLA.

The lease and all other of its terms and conditions remain in full force and effect and are ratified hereby. To the extent necessary to effectuate the intent of the parties stated herein, this amendment shall be deemed to contain present words of grant.

This amendment has been agreed to and executed by the current lessee of record, *Petro-Hunt, LLC*, 1601 Elm Street, Suite 3400, Thanksgiving Tower, Dallas, TX 75201; *Clayton Williams Energy, Inc.*, 6 Desta Drive, Suite 6500, Midland, TX 79705-5510; *Yates Petroleum Corporation*; *Yates Drilling Company*, *Myco Industries, Inc.*, and *ABO Petroleum Corporation*, 105 South 4th Street, Artesia, NM 88210.

Upon recommendation of Ms. Garrison, the Director approved the above amendment as listed.

CORRECTION OF DIRECTOR'S MINUTES OF MARCH 9, 2009 – ML 40226 (SCH) – OIL, GAS, AND HYDROCARBON

The Director, on March 9, 2009, approved an assignment of 3% interest in operating rights from surface to 3722 feet in part of lands: SE $\frac{1}{4}$ Sec. 21, T6S, R21E, SLB&M., *ALSO*, assignment of 2% interest in operating rights from 4025 feet to 7166 feet in part of lands: W $\frac{1}{2}$ SE $\frac{1}{4}$ Sec. 32, T6S, R21E, SLB&M., to Westport Oil and Gas Company, LP by Marion Laughlin Miller (2%) and Harry A. Miller, Jr. (1%). The first amount of 3% was listed and approved correctly. The second amount of 2% interest in operating rights was listed incorrectly, it should have read: 3%. The individual amounts of 2% from Marion Laughlin Miller and 1% from Harry A. Miller, Jr. were listed correctly.

Upon recommendation of Ms. Garrison, the Director approved the above-listed correction.

S U R F A C E A C T I O N S

RIGHTS OF ENTRY

RIGHT OF ENTRY NO. 5282

On March 12, 2009, Ms. Jeanine Kleinke, Trust Lands Technician, pursuant to R850-41-200, and in accordance with direction and delegation of authority, approved the request of MOAB MUNIFEST, C/O Rolf Thompson, 2274 Lone Eagle Lane, Sandy, UT 84092, to occupy the following described trust land located within Grand and San Juan Counties to conduct the annual MOAB MUNIFEST:

T25S, R22E, SLB&M

Sec's 2 & 32: Within

T26S, R22E, SLB&M

Sec. 32: Within

The fee for this right of entry is \$200.00 plus a \$50.00 application fee and a \$50.00 processing fee, totaling \$300.00. The permittee shall also pay to the Trust Lands Administration the sum of 3% of gross receipts, based on number of clients, number of client days, and percentage of time spent on trust land, or \$4.00/participant, whichever is greater, within 30 days of permit expiration date. Grand & San Juan Counties. School Fund. Expiration date: March 30, 2009.

This item was submitted by Ms. Jeanine Kleinke for record-keeping purposes.

RIGHT OF ENTRY NO. 5298 (APPROVAL)

On March 4, 2009, the School and Institutional Trust Lands Administration received an application from Prairie Dawg, Inc., San Juan County Road 194, Moab, UT 84532, to occupy the following described trust land located within San Juan County to park excess equipment for a one-year term:

T27S, R22E, SLB&M

Sec. 1: Within

The fee for this right of entry is \$200.00 plus a \$50.00 application fee and a \$50.00 processing fee, totaling \$300.00. A long term permit is not being issued because of planning issues associated with the Spanish Valley Block. This application replaces ROE 5132 which expired December 31, 2008. San Juan County. School Fund. Beginning date: January 1, 2009. Expiration date: December 31, 2009.

Upon recommendation of Ms. Jeanine Kleinke, the Director approved Right of Entry No. 5298 for a one-year term.

RIGHT OF ENTRY NO. 5299 (APPROVAL)

On March 12, 2009, the School and Institutional Trust Lands Administration received an application from Elite Motorcycle Tours, Inc., 1310 Murphy Lane, Moab, UT 84532, to occupy all trust land located within the State of Utah, except for those lands subject to existing leases or permits that grant access control, and those lands that have been withdrawn or may be withdrawn by order of the Director, to conduct commercial motorcycle tours for a one-year term.

The fee for this right entry is \$200.00 plus a \$50.00 application and a \$50.00 processing fee, totaling \$300.00. The permittee shall also pay to the Trust Lands Administration the sum of 3% of gross receipts, based on number of clients, number of client days, and percentage of time spent on trust land, within 30 days of permit expiration date. This right of entry replaces ROE 5161 which expires March 31, 2009. Beginning date: April 1, 2009. Expiration date: March 31, 2010. Funding: School = 96.66%, USU = 0.83%, Deaf = 0.16%, Blind = 0.01%, MH = 0.18%, NS = 0.16%, PB = < 0.01%, SYDC = < 0.01%. RES = 1/26%, UNIV = 0.51%.

Upon recommendation of Ms. Jeanine Kleinke, the Director approved Right of Entry No. 5299 for a one-year term.

RIGHT OF ENTRY NO. 5251 (NAME AND ADDRESS CHANGE)

Right of Entry No. 5251 was approved on the Director's Minutes dated October 20, 2008, with the grantee being Canyon Country Ballooning, LLC. On March 5, 2009, the owner of Canyon Country Ballooning, LLC, provided the necessary documents needed to change the name and address of the company to Canyonlands Ballooning, LLC, 587 Desota Street, Salt Lake City, UT 84103. The \$15.00 name change fee was submitted. Davis County. Funding: School = 96.66%, USU = 0.83%, Deaf = 0.16%, Blind = 0.01%, MH = 0.18%, NS = 0.16%, PB = < 0.01%, SYDC = < 0.01% RES = 1.26%, SM = 0.21%, UNIV = 0.51%.

This item was submitted by Ms. Jeanine Kleinke for record-keeping purposes.

RIGHT OF ENTRY NO. 5177 (CORRECTION OF MINUTES DATED SEPTEMBER 29, 2008)

Right of Entry No. 5177 was approved on the Director's Minutes of September 29, 2008, for Wolverine Data Acquisition, LLC, to conduct a 2D seismic survey on trust lands. The Minute entry incorrectly listed the expiration date as **March 1, 2009**. The expiration date should be **March 31, 2009**. Sevier County. School Fund.

Upon recommendation of Ms. Paula Lane, the Director approved the correction for Right of Entry 5177.

SPECIAL USE LEASE AGREEMENTS

SPECIAL USE LEASE AGREEMENT NO. 1544 (APPROVAL)

APPLICANT'S NAME AND ADDRESS:

US Army Corps of Engineers
Attn: CESP-K-RE-B (Bill Casale)
Sacramento Engineering District
1325 J Street
Sacramento, CA 95626

APPLICATION TYPE: GOV

TERMS: One (1) year with four (4) one-year options

BEGINNING DATE: March 1, 2009

ENDING DATE: February 28, 2014

NEXT REVIEW DATE: February 28, 2010 (expiration of 1-year term)

FIRST YEAR RENTAL: \$6,000.00

APPLICATION FEE: \$ 250.00

PROCESSING FEE: \$ 700.00

ADVERTISING FEE: \$ 75.00

TOTAL SUBMITTED: \$7,025.00

LEGAL DESCRIPTION:

Township 19 South, Range 19 West, SLB&M
Section 32: All

COUNTY: Millard

ACRES: 640.00

FUND: School

PROPOSED ACTION:

The applicant desires to lease this land as part of their Joint Land Attack Cruise Missile Defense Elevated Netted Sensor System ("JLENS"). They propose to use a small portion of the section to develop a missile launching facility. The improvements will include two concrete launch pads 20 feet by 50 feet, a building measuring 50 feet by 150 feet, small guard shack, fuel tanks, generators, site fencing, and a gravel road to the buildings and pads. The rest of the section will be used as a buffer zone for the project.

RELEVANT FACTUAL BACKGROUND:

On August 20, 2007, the Trust Lands Administration received an application for a Special Use Lease ("SULA 1544") from US Army Corps of Engineers for a missile launch site. The application and advertising fees were paid and receipted appropriately. There is one existing permit within this section, GP 21547, issued to Baker Ranches, Inc., and one mineral lease, ML 50530, issued to Dorothy Jones. A copy of the public notice was sent to all adjoining landowners, lessees, and permittees. No competing applications or comments were received from this notification.

EVALUATION OF FACTS:

The application was submitted to the Resource Development Coordinating Committee ("RDCC") for review. No comments were received from this review process.

Initial consultation with the Agency's staff archaeologist resulted in a recommendation that a cultural resource survey be required. A survey was completed, which indicated that there would be "no effect" on any historic or cultural sites. This survey has been reviewed by State History and the Agency's staff archaeologist, who concur with the findings. Therefore, all requirements pursuant to R850-60 have been met.

This action is exempt from the narrative Record of Decision process because the action is not substantive, nor does it warrant the time and expense necessary to complete a full narrative record, and the action will not restrict an interested party access to an appeal process. The application was advertised through the standard process and no competing applications or comments were received.

SPECIAL USE LEASE AGREEMENT NO. 1544 (APPROVAL) (CONTINUED)

As no other competing applications were received, the initial application by the Army Corps of Engineers was selected for review pursuant to R850-30-500(2)(g). The applicant was notified of the need to submit a sealed bid pursuant to rule. A bid was received which proposes to pay rental in the amount of \$6,000.00 per year.

R850-30-400 requires that the Agency receive at least fair market value for surface leases. Recent appraisals on this property indicate a value of \$150.00 to \$250.00 per acre. Based on this land value, the annual lease payment offered by the applicant of \$6,000.00 per year meets the fair market value requirements established by rule.

The applicant requested a term of one year with renewal options from year to year or for a lesser period of time, but in no case will the lease be extended beyond February 28, 2014. This term is within the standard term for government leases described in R850-30-200.

Upon recommendation of Mr. Lou Brown, the Director approved SULA 1544 for a term of (1) year with a renewal option from year to year not to be extended beyond February 28, 2014. Based on the above evaluation, this summary will constitute the record of decision.

SPECIAL USE LEASE AGREEMENT NO. 1540 (WITHDRAWAL OF APPLICATION AND REFUND OF RENTAL)

On June 29, 2007, the Trust Lands Administration received an application from Eco Domaine Refining, Inc., 3473 Daybreaker Drive, Park City, Utah 84098, to construct, operate, and maintain an oil refinery facility. This application, along with a deposit of the first year's rental, was received as a competing application to SULA 1522. No application fee was submitted. The applicant has requested withdrawal of the application and a **refund of the first year's rental, in the amount of \$36,507.24**. Emery County. Reservoirs Fund.

Upon recommendation of Mr. Kurt Higgins, the Director approved the withdrawal of SULA 1540. As no lease was executed, the Director ordered **a refund in the amount of \$36,507.24 for the first year's rental be sent to the applicant**.

SPECIAL USE LEASE AGREEMENT NO. 1607 (WITHDRAWAL OF APPLICATION)

On September 10, 2008, the Trust Lands Administration received an application from EnShale Inc., 200 East 950 South, Orem, Utah 84058, for the purpose of a pre-production plant for processing oil shale. The applicant sent notice dated March 12, 2009, stating they wish to withdraw this application, as they have satisfied their need on private property. The \$250.00 application fee paid by the applicant will be forfeited to Trust Lands Administration. Uintah County. School Fund.

Upon recommendation of Mr. Kurt Higgins, the Director approved the withdrawal of SULA 1607, and the forfeiture of the \$250.00 application fee.

SPECIAL USE LEASE AGREEMENT NO. 1572 - AMENDMENT NO. 1 (APPROVAL)

Special Use Lease Agreement No. 1572 is an industrial lease issued to EOG Resources, Inc., 1060 East Highway 40, Vernal, Utah 84078. The lease was issued December 1, 2007, for a term of 10 years. The purpose of the lease is to construct, operate, and maintain a non-commercial evaporation pond facility, known as the Red Wash Evaporation Ponds Nos. 5 & 6. The disposal facility is located on Oil & Gas Lease No. ML 3077.

The lessee is requesting that the parties amend Special Use Lease Agreement No. 1572 to add an additional disposal pond and a parking lot, and to correct the payment structure. The additional disposal pond, the Red Wash Evaporation Pond #7, has been approved by the Division of Oil, Gas and Mining, and is necessary due to the large volume of water generated by the lessee's oil and gas operations. The parking lot will be used for the overnight parking of water-hauling trucks and the daily parking of vehicles used by authorized personnel to commute to the site. The water disposal fee structure should be corrected because the lease currently requires lessee to pay disposal fees consistent with the operation of a commercial facility. Since the lessee's operations are non-commercial, the fee structure should require the lessee to pay disposal fees of \$0.05 per barrel, the non-commercial fee.

In addition to the amendments requested by the lessee, the Agency seeks to amend the lease to update certain provisions to the current lease form. Specifically, the Agency proposes to amend the provisions related to audit procedures, State indemnification, regulatory compliance, waste, and the protection of endangered species.

The lease amendment will be effective as of the original date of the lease so that the correct fee structure will be applied from the beginning of the lease term. The total acreage of the subject property of the lease will not be increased. A summary of the amended provisions follows. The lease and the amendment should be consulted for the actual terms.

1. Subject Property. The description of the Subject Property in the lease is amended and replaced with a description that identifies the lands to be used for the additional evaporation pond and the parking lot.
2. Purpose of Lease. The lease purpose is amended to include the construction, operation, and maintenance of the additional pond, the Redwash Evaporation Ponds No. 7, and the parking lot.
3. Water Disposal Fees. The fee structure is amended to require the lessee to pay \$0.05 per barrel of non-compliant water, which is defined as all water disposed of from operations conducted on leases other than ML 3077 or lands pooled or unitized therewith.
4. Water Disposal Fee Adjustments – Audit. The audit procedures are amended to allow the Agency, at any time, to cause an audit of the lessee's business to determine the accuracy of the water disposal fees. If the results of an audit show that the lessee's payments have been understated by 8% or more, the lessee must reimburse the Agency the cost of the audit in addition to paying the Agency the deficiency and interest.
5. Compliance. The lease is amended to incorporate the current form of the provision regarding compliance with laws and regulations. The substantive terms remain the same.
6. Indemnity. The lease is amended to incorporate the current form of the provision regarding indemnity. The substantive terms remain the same.
7. Waste. The lease is amended to incorporate the current form of the provision regarding waste. The substantive terms remain the same.

SPECIAL USE LEASE AGREEMENT NO. 1572 - AMENDMENT NO. 1 (APPROVAL) (CONTINUED)

8. Endangered Species; Migratory Birds. The lease is amended to require that the lessee take all actions reasonably necessary for the protection of endangered, threatened, and sensitive species, and migratory birds.

No other provisions of the lease are or have been amended.

No competing applications were solicited pursuant to R850-30-500(2) as the lease amendments do not increase the original lease boundaries.

This action qualifies as an exclusion to the narrative record of decision process because it does not warrant the time and expense necessary to complete a full narrative record. Therefore, this summary will constitute the record of decision.

Uintah County. School Fund.

Upon recommendation of Mr. Kurt Higgins, the Director approved the amendment of SULA 1572. The \$400.00 amendment fee has been paid. The term of the lease will remain at 10 years, with a three-year rental review pursuant to R850-30-400.

SPECIAL USE LEASE AGREEMENT NO. 1248 (THREE-YEAR REVIEW)

SULA 1248 is a telecommunications lease issued to AAT Communications, Corp., Attn. Site Administration, 5900 Broken Sound Parkway NW, Boca Raton, FL 33487-2797. It should be noted that the site has now been acquired and is being operated by SBA, of which AAT Communications, Corp. is a subsidiary. The name on Agency records is still AAT Communications, Corp. and will remain as such unless SBA agrees to make an assignment of the lease and change the name, at which time the Trust Lands Administration will require an amendment of the lease to provide for the most current lease form pursuant to rule. The lease site is located in Tooele County. School Fund.

1. **ANNUAL BASE RENTAL:**

The three-year review date for this telecommunication lease is June 1, 2009. The subject property is used for a cellular tower and facility on the Aragonite Site, #UT20252-A. The lease agreement provides for periodic increases in the annual base rental amount. To determine an updated fair market value, an evaluation of comparable leases for the same purpose and type of area was conducted. Pursuant to the results of that review, it is recommended that the annual base rental be increased from \$6,000.00 per year to \$7,200.00 per year, effective June 1, 2009. The current additional annual sublease rental of \$3,000.00 is also recommended to be increased to \$3,600.00, effective June 1, 2009. A certified notice was sent to inform the lessee of this action. The lessee responded with a letter on March 4, 2009, indicating it agreed with the recommended rental adjustment effective June 1, 2009.

Subleasing: Any subleasing revenue assessed is in addition to the annual base rental amounts discussed above. With this review, there will be an increase in the annual sublease rental from \$3,000.00 to \$3,600.00 for the sublease to T-Mobile, as referenced above.

Preliminary Estimate of Land Value: \$115.00 (based on \$500.00 per acre)

New Annual Base Rental Amount: \$7,200.00

Acres in Lease: 0.23

Rental Amount / Acre: \$31,304.00

SPECIAL USE LEASE AGREEMENT NO. 1248 (THREE-YEAR REVIEW) (CONTINUED)

The existing communication lease site is considered the highest and best use of a small parcel of this type of land. The difference in the fair market value of the subject parcel and the surrounding lands valued as raw lands vs. the highest and best use return as a communication site is significant.

2. **DUE DILIGENCE AND PROPER USE:**

The development allowed by the lease has occurred. It is recommended that the lease be kept in force. The leased premises are being used in accordance with the lease agreement.

3. **ADEQUATE INSURANCE AND BOND COVERAGE:**

Insurance coverage and bond coverage are both current and adequate for the lease agreement.

4. **ESTABLISHMENT OF WATER RIGHTS:**

There are no water rights associated with this lease.

5. **POLLUTION AND SANITATION REGULATIONS:**

Trust Lands Administration is unaware of any violations of valid sanitation and pollution regulations as prescribed by any governmental agency having jurisdiction. There is no evidence of underground storage tanks on the premises.

6. **NEXT REVIEW DATE:**

The next review date will be June 1, 2012.

Upon recommendation of Mr. Gary Bagley, the Director approved the three-year review for SULA 1248.

SPECIAL USE LEASE AGREEMENT NO. 1414 (FIVE-YEAR REVIEW)

SULA 1414 is a telecommunications lease issued to Union Telephone Company, Inc., P.O. Box 160, Mountain View, WY 82939. The lease site is located in Uintah County. School Fund.

1. **ANNUAL BASE RENTAL:**

The five-year lease rental review date for this telecommunication lease is June 1, 2009. The subject property is used for a cellular tower communication site on the Blue Mountain site. The lease agreement provides for periodic increases in the annual base rental amount. To determine an updated fair market value, an evaluation of comparable leases for the same purpose and type of area was conducted. Pursuant to the results of that review, it is recommended that the annual base rental be increased from \$3,600.00 per year to \$5,400.00 per year, effective June 1, 2009. A certified notice was sent to inform the lessee of this action. No response was received.

Subleasing: Any subleasing revenue assessed is in addition to the annual base rental amounts discussed above. There is currently no known subleasing occurring on the site.

Preliminary Estimate of Land Value: \$30.00 (based on \$500.00 per acre)

New Annual Base Rental Amount: \$5,400.00

Acres in Lease: 0.06

Rental Amount / Acre: \$90,000.00

The existing communication lease site is considered the highest and best use of a small parcel of this type of land. The difference in the fair market value of the subject parcel and the surrounding lands valued as raw lands vs. the highest and best use return as a communication site is significant.

SPECIAL USE LEASE AGREEMENT NO. 1414 (FIVE-YEAR REVIEW) (CONTINUED)

2. DUE DILIGENCE AND PROPER USE:
The development allowed by the lease has occurred. It is recommended that the lease be kept in force. The leased premises are being used in accordance with the lease agreement.
3. ADEQUATE INSURANCE AND BOND COVERAGE:
Insurance coverage is current and adequate for the lease agreement. The lease requires a bond, which is still in place. No bond is required at this time, but may be obtained under the lease if necessary.
4. ESTABLISHMENT OF WATER RIGHTS:
There are no water rights associated with this lease.
5. POLLUTION AND SANITATION REGULATIONS:
The Trust Lands Administration is unaware of any violations of valid sanitation and pollution regulations as prescribed by any governmental agency having jurisdiction. There is no evidence of underground storage tanks on the premises.
6. NEXT REVIEW DATE:
The next review date will be June 1, 2014.

Upon recommendation of Mr. Gary Bagley, the Director approved the five-year review for SULA 1414.

WATER RIGHTS**WATER RIGHT NO. 14-122 (APPROVED APPLICATION)**

This application was filed on December 15, 2008, to appropriate 1.73 acre-feet of water from a spring located at the following point: North 879 feet and West 270 feet from the E¼ Corner of Section 32, T28S, R18W, SLB&M. The water is to be used for the stock-watering requirements of 61 equivalent livestock units from January 1 to December 31. This water right application was approved by the State Engineer in a Memorandum Decision dated March 12, 2009.

This item was submitted by Mr. Richard Wilcox for record-keeping purposes.

WATER RIGHT NO. 14-123 (APPROVED APPLICATION)

This application was filed on December 15, 2008, to appropriate 1.73 acre-feet of water from a spring located at the following point: South 725 feet and West 329 feet from the E¼ Corner of Section 32, T28S, R18W, SLB&M. The water is to be used for the stock-watering requirements of 61 equivalent livestock units from January 1 to December 31. This water right application was approved by the State Engineer in a Memorandum Decision dated March 12, 2009.

This item was submitted by Mr. Richard Wilcox for record-keeping purposes.

ACTIONS CONTAINING FEE WAIVERS

SURFACE

SPECIAL USE LEASE AGREEMENT NO. 1526 - AMENDMENT NO. 1 (APPROVAL)

Special Use Lease Agreement No. 1526 is an industrial lease issued to EOG Resources, Inc., 1060 East Highway 40, Vernal, Utah 84078. The lease was issued July 16, 2007, for a term of 10 years. The purpose of the lease is to construct, operate, and maintain a non-commercial evaporation pond facility, known as the Red Wash Evaporation Ponds Nos. 1 & 2. The disposal facility is located on Oil & Gas Lease No. ML 3077.

This amendment is required to correct the water disposal fee structure. The lease currently requires the lessee to pay disposal fees consistent with the operation of a commercial facility. Since the lessee's operations are non-commercial, the fee structure should be amended to require the lessee pay disposal fees of \$0.05 per barrel, the non-commercial fee.

In addition to the fee structure amendment, the Agency seeks to amend the lease to update certain provisions to the current lease form. Specifically, the Agency proposes to amend the provisions related to audit procedures, State indemnification, regulatory compliance, waste, and the protection of endangered species.

The lease amendment will be effective as of the original date of the lease so that the correct fee structure will be applied from the beginning of the lease term. The total subject property of the lease will not be increased. A summary of the amended provisions follows. The lease and the amendment should be consulted for the actual terms.

1. Water Disposal Fees. The fee structure is amended to require lessee to pay \$0.05 per barrel of non-compliant water, which is defined as all water disposed of from operations conducted on leases other than ML 3077 or lands pooled or unitized therewith.
2. Water Disposal Fee Adjustments – Audit. The audit procedures are amended to allow the Agency, at any time, to cause an audit of the lessee's business to determine the accuracy of the water disposal fees. If the results of an audit show that the lessee's payments have been understated by 8% or more, the lessee must reimburse the Agency the cost of the audit in addition to paying the Agency the deficiency and interest.
3. Compliance. The lease is amended to incorporate the current form of the provision regarding compliance with laws and regulations. The substantive terms remain the same.
4. Indemnity. The lease is amended to incorporate the current form of the provision regarding indemnity. The substantive terms remain the same.
5. Waste. The lease is amended to incorporate the current form of the provision regarding waste. The substantive terms remain the same.
6. Endangered Species; Migratory Birds. The lease is amended to require that the lessee take all actions reasonably necessary for the protection of endangered, threatened, and sensitive species, and migratory birds.

No other provisions of the lease are or have been amended.

SPECIAL USE LEASE AGREEMENT NO. 1526 - AMENDMENT NO. 1 (APPROVAL) (CONTINUED)

No competing applications were solicited pursuant to R850-30-500(2) as the lease amendments do not affect the original lease boundaries. Since this amendment was Agency-initiated, the \$400.00 amendment fee has been waived. The term of the lease will remain at 10 years, with a three-year rental review pursuant to R850-30-400.

This action qualifies as an exclusion to the narrative record of decision process because it does not warrant the time and expense necessary to complete a full narrative record. Therefore, this summary will constitute the record of decision.

Uintah County. School Fund.

Upon recommendation of Mr. Kurt Higgins, the Director approved the amendment of SULA 1526.

SPECIAL USE LEASE AGREEMENT NO. 1539 - AMENDMENT NO. 1 (APPROVAL)

Special Use Lease Agreement No. 1539 is an industrial lease issued to EOG Resources, Inc., 1060 East Highway 40, Vernal, Utah 84078. The lease was issued September 1, 2007, for a term of 10 years. The purpose of the lease is to construct, operate, and maintain a non-commercial evaporation pond facility, known as the Red Wash Evaporation Ponds Nos. 3 & 4. The disposal facility is located on Oil & Gas Lease No. ML 3077.

This amendment is required to correct the water disposal fee structure. The lease currently requires the lessee to pay disposal fees consistent with the operation of a commercial facility. Since the lessee's operations are non-commercial, the fee structure should be amended to require the lessee pay disposal fees of \$0.05 per barrel, the non-commercial fee.

In addition to the fee structure amendment, the Agency seeks to amend the lease to update certain provisions to the current lease form. Specifically, the Agency proposes to amend the provisions related to audit procedures, State indemnification, regulatory compliance, waste, and the protection of endangered species.

The lease amendment will be effective as of the original date of the lease so that the correct fee structure will be applied from the beginning of the lease term. The total subject property of the lease will not be increased. A summary of the amended provisions follows. The lease and the amendment should be consulted for the actual terms.

1. Water Disposal Fees. The fee structure is amended to require lessee to pay \$0.05 per barrel of non-compliant water, which is defined as all water disposed of from operations conducted on leases other than ML 3077 or lands pooled or unitized therewith.
2. Water Disposal Fee Adjustments – Audit. The audit procedures are amended to allow the Agency, at any time, to cause an audit of the lessee's business to determine the accuracy of the water disposal fees. If the results of an audit show that the lessee's payments have been understated by 8% or more, the lessee must reimburse the Agency the cost of the audit in addition to paying the Agency the deficiency and interest.
3. Compliance. The lease is amended to incorporate the current form of the provision regarding compliance with laws and regulations. The substantive terms remain the same.
4. Indemnity. The lease is amended to incorporate the current form of the provision regarding indemnity. The substantive terms remain the same.

SPECIAL USE LEASE AGREEMENT NO. 1539 - AMENDMENT NO. 1 (APPROVAL) (CONTINUED)

5. Waste. The lease is amended to incorporate the current form of the provision regarding waste. The substantive terms remain the same.
6. Endangered Species; Migratory Birds. The lease is amended to require that the lessee take all actions reasonably necessary for the protection of endangered, threatened, and sensitive species, and migratory birds.

No other provisions of the lease are or have been amended.

No competing applications were solicited pursuant to R850-30-500(2) as the lease amendments do not affect the original lease boundaries. Since this amendment was Agency-initiated, the \$400.00 amendment fee has been waived. The term of the lease will remain at 10 years, with a three-year rental review pursuant to R850-30-400.

This action qualifies as an exclusion to the narrative record of decision process because it does not warrant the time and expense necessary to complete a full narrative record. Therefore, this summary will constitute the record of decision.

Uintah County. School Fund.

Upon recommendation of Mr. Kurt Higgins, the Director approved the amendment of SULA 1539.

SPECIAL USE LEASE AGREEMENT NO. 1549 - AMENDMENT NO. 1 (APPROVAL)

Special Use Lease Agreement No. 1549 is an industrial lease issued to EOG Resources, Inc., 1060 East Highway 40, Vernal, Utah 84078. The lease was issued July 11, 2008, for a term of 10 years. The purpose of the lease is to construct, operate, and maintain a non-commercial evaporation pond facility, known as the Coyote Evaporation Ponds Nos. 1, 2, 3, & 4. The disposal facility is located on Oil, Gas and Hydrocarbon Lease No. ML 47045.

This amendment is required to correct the water disposal fee structure. The lease currently requires the lessee to pay disposal fees consistent with the operation of a commercial facility. Since the lessee's operations are non-commercial, the fee structure should be amended to require the lessee pay disposal fees of \$0.05 per barrel, the non-commercial fee.

In addition to the fee structure amendment, the Agency seeks to amend the lease to update certain provisions to the current lease form. Specifically, the Agency proposes to amend the provisions related to audit procedures, State indemnification, regulatory compliance, waste, and the protection of endangered species.

The lease amendment will be effective as of the original date of the lease so that the correct fee structure will be applied from the beginning of the lease term. The total subject property of the lease will not be increased. A summary of the amended provisions follows. The lease and the amendment should be consulted for the actual terms.

1. Water Disposal Fees. The fee structure is amended to require the lessee to pay \$0.05 per barrel of non-compliant water, which is defined as all water disposed of from operations conducted on leases other than ML 47045 or lands pooled or unitized therewith.
2. Water Disposal Fee Adjustments – Audit. The audit procedures are amended to allow the Agency, at any time, to cause an audit of the lessee's business to determine the accuracy of the water disposal fees. If the results of an audit show that the lessee's payments have been understated by 8% or more, the lessee must reimburse the Agency the cost of the audit in addition to paying the Agency the deficiency and interest.

SPECIAL USE LEASE AGREEMENT NO. 1549 - AMENDMENT NO. 1 (APPROVAL) (CONTINUED)

3. Compliance. The lease is amended to incorporate the current form of the provision regarding compliance with laws and regulations. The substantive terms remain the same.
4. Indemnity. The lease is amended to incorporate the current form of the provision regarding indemnity. The substantive terms remain the same.
5. Waste. The lease is amended to incorporate the current form of the provision regarding waste. The substantive terms remain the same.
6. Endangered Species; Migratory Birds. The lease is amended to require that the lessee take all actions reasonably necessary for the protection of endangered, threatened, and sensitive species, and migratory birds.

No other provisions of the lease are or have been amended.

No competing applications were solicited pursuant to R850-30-500(2) as the lease amendments do not affect the original lease boundaries. Since this amendment was Agency-initiated, the \$400.00 amendment fee has been waived. The term of the lease will remain at 10 years, with a three-year rental review pursuant to R850-30-400.

This action qualifies as an exclusion to the narrative record of decision process because it does not warrant the time and expense necessary to complete a full narrative record. Therefore, this summary will constitute the record of decision.

Uintah County. School Fund.

Upon recommendation of Mr. Kurt Higgins, the Director approved the amendment of SULA 1549.

TRUST ACCOUNTING ACTIONS

CANCELED MINERAL CONTRACTS

The following mineral leases were not paid on or before the cancellation date of 3/6/2009. Certified notices were mailed.

<u>LEASE #</u>	<u>LESSEE NAME</u>	<u>BENE</u>	<u>COUNTY</u>	<u>TYPE</u>
ML 49593	Kee Nez Resources, Inc.	SCH	SANJ	MM
ML 49595	Kee Nez Resources, Inc.	SCH	GRND	MM
ML 50583	Keystone Surveys, Inc.	SCH	SEVR	MM
		RES	SEVR	MM
ML 50584	Keystone Surveys, Inc.	SCH	BEAV	MM
ML 50585	Keystone Surveys, Inc.	SCH	BEAV	MM
ML 50586	Keystone Surveys, Inc.	SCH	SEVR	MM
		USU	SEVR	MM
		NS	SEVR	MM

CANCELED MINERAL CONTRACTS (CONTINUED)

<u>LEASE #</u>	<u>LESSEE NAME</u>	<u>BENE</u>	<u>COUNTY</u>	<u>TYPE</u>
ML 50587	Baughman, James	SCH	SANJ	MM
ML 50588	Baughman, James	SCH	SANJ	MM
ML 50589	Baughman, James	SCH	SANJ	MM
ML 50590	Baughman, James	SCH	SANJ	MM
ML 50591	Baughman, James	SCH	SANJ	MM
ML 50602	Wave Uranium Holdings	SCH	GRND	MM
ML 50603	Garfield Resources, LLC	SCH	GARF	MM
ML 50604	Garfield Resources, LLC	SCH	GARF	MM
ML 51195	Dearth, Kelly	SCH	SANJ	MM
ML 51196	Baitis, Hartmut W.	SCH	EMRY	MM
ML 51197	Baitis, Hartmut W.	SCH	EMRY	MM
ML 51198	Baitis, Hartmut W.	SCH	EMRY	MM
ML 51199	Baitis, Hartmut W.	SCH	EMRY	MM

Upon recommendation of Mr. Gritzmacher, Budget Manager, the Director approved the cancellation of the above-listed minerals leases for non-payment.

REFUND – ML 40002-A

We have received documentation that the well pertaining to this lease was plugged and abandoned on January 18, 2005. Rental, which has been paid to Trust Lands since that time, should be refunded to Kerr-McGee – P.O. Box 173779 – Denver, CO 80217-3779. The total amount of the refund should be \$60.00.

Upon recommendation of Mr. Gritzmacher, Deputy Assistant Director of Finance, the Director approved the refund to Kerr-McGee in the amount of \$60.00.

REFUND – ML 48173

This lease expired its primary term on February 28, 2009. Prior to the expiration, we accepted payment of the 2009 rental in the amount of \$115.00. This amount was not due and should be refunded to Linn Brothers Oil & Gas, Inc. – P.O. Box 416 – Fruita, CO 81521-0416.

Upon recommendation of Mr. Gritzmacher, Deputy Assistant Director of Finance, the Director approved the refund to Linn Brothers in the amount of \$115.00.

PAID CERTIFICATE OF SALE

<u>CERT #</u>	<u>NAME</u>	<u>BENE</u>	<u>DATE PAID</u>
C 26183	Difley, John A. and Rose L.	SM	2/18/2009

INTEREST RATES

Following are the current and past year prime rates:

CURRENT YEAR:	3.25%
ONE YEAR AGO:	5.25%